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COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC000003

**Ex Parte, In re: Investigation of the
appropriate level of intrastate access
service prices**

CERTIFICATION OF RULING TO THE COMMISSION

January 5, 2001

On December 21, 2000, the Staff of the State Corporation Commission (“Staff”) and Central Telephone Company of Virginia and United Telephone – Southeast, Inc. (collectively “Sprint”) filed a Motion to Approve Settlement of Case in the captioned proceeding. Therein Staff and Sprint advise that they have reached agreement on issues in this case that involve Sprint. They seek review of the settlement attached to the motion in an expeditious fashion so that the switched access rate decreases and other changes set forth in the agreement can be implemented quickly, perhaps as early as February 15, 2001. They therefore request that consideration of the settlement be transferred back to the full Commission.

By Ruling, the parties were invited to respond on or before January 4, 2001, to the procedure recommended by Staff and Sprint in the Motion. The Ruling advised the parties that they need not address the merits of the proposed settlement in these responses, and that a later opportunity would be provided to offer comment on the settlement itself.

On January 4, 2001, AT&T Communications of Virginia, Inc. (“AT&T”) filed its response stating that it has no objection to the Motion to Approve Settlement of Case filed by Staff and Sprint. AT&T recommends that the Commission’s consideration of the proposed settlement be procedurally structured the same way as the Verizon Virginia and Verizon South settlement proposals.¹ AT&T also notes that since it is a party to these proceedings, it is keenly interested in the settlement proposal advanced by Staff and Sprint and will comment upon the substance of the proposal at the appropriate time.²

The Commission previously established this investigation of the appropriate level of intrastate access service prices for four local exchange companies (“LECs”), including Sprint, on February 2, 2000.³ In its initial order, pursuant to Virginia Code § 12.1-31 and Rule 7:1 of the Commission’s Rules of Practice and Procedure, 5 VAC 5-10-10 et seq., the Commission established a procedural schedule, set a public hearing, and appointed a hearing examiner to conduct all further proceedings in this matter.⁴

¹ AT&T Response at 1.

² Id. at 2.

³ Order Establishing Investigation, Case No. PUC000003 (February 2, 2000).

⁴ Id. at 8.

The proposed settlement agreement is similar to the Commission-approved settlement agreements reached between the Staff and Verizon Virginia (*See* Case No. PUC000242; Order dated December 7, 2000) and between the Staff and Verizon South (*See* Case No. PUC000283; Order dated December 7, 2000). Unlike these recent settlement agreements, no new case need be established; the issues concluded between Sprint and the Staff are all that remain unresolved in Case No. PUC000003. Staff and Sprint now ask for the same treatment afforded Verizon Virginia and Verizon South; namely, that consideration of the settlement be transferred back to the full Commission and the parties be given an opportunity to comment on the settlement.

Sprint agrees in the Settlement Agreement to reduce its switched access rates annually over each of the next three years. The cumulative reduction in switched access revenues over that three-year period is estimated at \$20.5 million dollars.⁵ Certain long distance companies have promised to pass on those decreases to their long distance customers; therefore, the settlement should result in lower long distance rates to Virginia customers.⁶ Finally, Sprint has committed to file the tariff changes contemplated by the Settlement Agreement to be effective February 15, 2001.⁷

There is no opposition to expediting consideration of the settlement proposed by Staff and Sprint. I will certify the pending Motion to the Commission for determination, and recommend the Commission adopt a procedure similar to that offered parties on the proposed settlements between the Staff and Verizon Virginia,⁸ and the Staff and Verizon South.⁹

I find that it is in the public interest to certify the pending Motion back to the Commission. The Motion and Response thereto are attached to this Certification. Accordingly,

I RECOMMEND that the Commission establish a process for considering comment on the merits of the changes set forth in the Settlement Agreement and any related issues.

Deborah V. Ellenberg
Chief Hearing Examiner

⁵Motion at 3.

⁶*Id.*

⁷*Id.* at 4.

⁸*Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In re: Investigation of the appropriate level of intrastate access service prices of Verizon Virginia Inc.*, Case No. PUC000242, Order on Proposed Settlement (September 13, 2000).

⁹*Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte, In re: Investigation of the appropriate level of intrastate access service prices of Verizon South Inc.*, Case No. PUC000283, Order on Proposed Settlement (December 7, 2000).